

AMENDED IN ASSEMBLY MAY 3, 2007
AMENDED IN ASSEMBLY APRIL 23, 2007
AMENDED IN ASSEMBLY MARCH 29, 2007
CALIFORNIA LEGISLATURE—2007–08 REGULAR SESSION

ASSEMBLY BILL

No. 1574

Introduced by Assembly Member Houston

February 23, 2007

An act to add Sections 1098 and 1102.6e to the Civil Code, relating to real estate.

LEGISLATIVE COUNSEL'S DIGEST

AB 1574, as amended, Houston. ~~Real-estate:~~ *estate: fees.*

Existing law permits various fees to be included in the price of a residential real estate transfer. Existing law requires the disclosure of specified attributes of residential real property prior to the transfer of title, including disclosure of a continuing lien levy of special taxes, as specified.

This bill would require a seller of property upon which a residential unit is constructed that is first transferred to a buyer on or after January 1, 2008, and which is subject to a covenant, condition, or restriction imposed by the original seller requiring payment of a fee at the time of conveyance, to make a specified disclosure and to record this disclosure in the chain of title. The bill would require that the disclosure include the amount of the fee required or a description of how the fee is calculated, the entity or entities to which funds from the fee will be paid, and the general purpose for which funds will be used. The bill would also provide that a privately imposed fee on that real property is void ~~unless the fee serves a regional benefit, provides a benefit to the~~

~~property upon which the fee is imposed, or is a fee or payment that is required under conditions that serve to discourage speculative purchases if it provides a direct financial benefit to the original or any subsequent seller or an entity owned, controlled, operated, or managed by, or affiliated with, the seller, in whole or in part, unless the beneficiary of the fee is a public agency or a nonprofit charitable organization that is not owned, controlled, operated, or managed by, or affiliated with, the seller.~~

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 ~~SECTION 1. Section 1098 is added to the Civil Code, to read:~~
2 ~~1098. A privately imposed fee that is first imposed on or after~~
3 ~~January 1, 2008, and applicable upon the transfer of real property~~
4 ~~described in subdivision (a) of Section 1102.6e is void unless any~~
5 ~~of the following apply:~~
6 ~~(a) The fee serves a regional benefit.~~
7 ~~(b) The fee provides a benefit to the real property upon which~~
8 ~~the fee is imposed.~~
9 ~~(c) The fee is a fee or payment that is required under conditions~~
10 ~~that serve to discourage speculative purchases.~~
11 ~~SECTION 1. Section 1098 is added to the Civil Code, to read:~~
12 ~~1098. A privately imposed fee that is first imposed on or after~~
13 ~~January 1, 2008, and is applicable upon a transfer of real property~~
14 ~~described in subdivision (a) of Section 1102.6e is void if it provides~~
15 ~~a direct financial benefit to the original or any subsequent seller~~
16 ~~or an entity owned, controlled, operated, or managed by, or~~
17 ~~affiliated with, the seller, in whole or in part. This section does~~
18 ~~not apply if the beneficiary of the fee is a public agency or a~~
19 ~~nonprofit charitable organization that is not owned, controlled,~~
20 ~~operated, or managed by, or affiliated with, the seller.~~
21 SEC. 2. Section 1102.6e is added to the Civil Code, to read:
22 1102.6e. (a) This section applies to all transfers of real property
23 for which both of the following apply:
24 (1) The property upon which a residential unit has been
25 constructed is transferred to the first homebuyer on or after January
26 1, 2008.

1 (2) The property being transferred is subject to a covenant,
2 condition, or restriction, placed on the property by the original
3 seller requiring payment of a fee at the time of conveyance of the
4 property.

5 (b) (1) In addition to any other disclosure required pursuant to
6 this article, the seller or any real property subject to this section
7 shall provide an additional disclosure statement containing the
8 information described in paragraph (2) and shall record this
9 statement against title to the property.

10 (2) The disclosure statement shall include all of the following
11 information:

12 (A) The amount of the fee required or a description of how the
13 fee is calculated.

14 (B) The entity or entities to which funds from the fee will be
15 paid.

16 (C) The general purpose for which funds from the fee will be
17 used.

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